

ARTICLE APPEARED
ON PAGE A-2.

WASHINGTON POST
28 July 1981

Hugel's Political Pluses

By Patrick E. Tyler
Washington Post Staff Writer

The administration's interest in appointing top officials who have supported President Reagan and his policies may have worked to its disadvantage in the security clearance of Max Hugel, the just-resigned head of the Central Intelligence Agency's clandestine service.

A confidential CIA security file on the background investigation of Hugel, who resigned July 14 after published charges that he engaged in improper or illegal stock trading practices during the mid-1970s, puts strong and repeated emphasis on Hugel's political role in Reagan's 1980 election campaign. Most of the comments come from people who had known Hugel two years or less and political operatives who met him during his nine-month stint in the Reagan campaign.

But CIA investigators failed to discover important leads to the alleged improper practices, either from public records on file at the Securities and Exchange Commission and elsewhere, or from interviews with longtime business associates of Hugel.

Seventeen references in the 31-page file of interview summaries draw special attention to such things as Hugel's "tireless" and "on-the-go" work for the Reagan campaign and his "100 percent Reagan" attitude. Hugel was an aide to William J. Casey, a close personal friend of Reagan and his campaign manager; later Casey became CIA director and recruited Hugel.

CIA security officials interviewed 27 Hugel acquaintances, 17 of whom said they had known Hugel for two years or less. Eight of those 17 interviews were conducted with short-term neighbors who said they really did not know Hugel. Several acquaintances said they met Hugel when he joined the Reagan campaign in the spring of 1980 as an organizer of ethnic voting groups.

One of the longest investigative summaries was from an interview with conservative New Hampshire publisher William Loeb, who met Hugel when he came to Loeb's

mant," confided during the interview that he had introduced Hugel to the Reagan-for-President officials.

After Reagan was elected and plans were made to fill key positions, the summary said, Loeb recommended that Hugel be considered for a position with the CIA.



MAX HUGEL
... "100 percent Reagan" attitude

In another interview with a Republican campaign official whose name was blacked out of the security report, Hugel was reported to be a "hard-working individual who was well-received by both local and National Republican Committee members."

The CIA investigator who conducted interviews in the Miami area, where Hugel maintains a second home, included the following remarks in the summary of his interview with real estate developer Lawrence A. Gordon, a neighbor and investment partner with Hugel: "Gordon volunteered that subject worked

worked full time with the campaign and volunteered that subject is an extremely enthusiastic Reagan backer."

In another Miami-area interview, health spa owner Larry Paskow's remarks were summarized in part: "Paskow volunteered that subject is 100 percent Reagan and devoted an enormous amount of time to the Reagan campaign."

The CIA requires that the summaries include data about alcohol, drug and marital problems as well as financial problems or any other circumstance that might make an applicant vulnerable to blackmail. Aside from those areas, the summaries reflect the investigator's own judgment of the most pertinent interview comments about the integ-

rity, discretion and trustworthiness of the applicant.

CIA officials have denied that Casey put any improper pressure on security personnel to short-cut the background investigation of Hugel, which took just seven days from first interview to final clearance. But a former intelligence official who asked not to be identified said that pressure to complete the security check on Hugel quickly was an undeniable factor, given his strong personal sponsorship by Casey.

In hindsight, the rush to complete the investigation prevented agency officials from discovering important leads to the alleged improper business practices that drove Hugel from office and that have intensified interest in Casey's own controversial business past.

Any one of several of these leads likely would have led the CIA last January to Thomas R. McNell and Samuel F. McNell, the two Wall Street stockbroker brothers who have said they were trying at the time to tell Reagan administration officials about alleged improper or illegal stock trading practices they carried on with Hugel in the mid-1970s.

Crimptu CIA CHECK